

Message Text

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17

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 NRC-05 NSAE-00 USIA-06 TRSE-00

ERDA-05 CIAE-00 COME-00 DOTE-00 SAJ-01 EA-07 ACDA-07

L-03 /054 W

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R 130850Z SEP 76

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 8624

INFO AMEMBASSY BRUSSELS

AMEMBASSY MOSCOW

SECOMMERCE WASHDC

DOD WASHDC

C O N F I D E N T I A L STOCKHOLM 4960

E.O. 11652: GDS

TAGS: ETRD, BTRA, EEWT, ESIC, COCOM, UR, SW

SUBJECT: STANSAAB REQUEST FOR EXPORT LICENSES

REF: (A) STOCKHOLM 4926, (B) STATE 206394

1. EMBASSY COUNSELOR MET WITH GUNNAR WEDELL ON SEPTEMBER 9
AT LATTER'S REQUEST. BURDEN OF WEDELL'S REMARKS FOLLOW.

2. HISTORY OF THE BID FOR AN AIR TRAFFIC CONTROL SYSTEM
FOR MOSCOW AND OTHER SOVIET AIRPORTS GOES BACK TO EARLY
SEVENTIES. THERE WERE AT ONE TIME FIRMS FROM ITALY, FRANCE,
GREAT BRITAIN AND THE US, AS WELL AS SWEDEN, INTERESTED IN
OBTAINING THE CONTRACT. FOR VARIOUS REASONS CHOICE FINALLY
NARROWED TO STANSAAB AND US FIRM WITH THE SWEDISH COMPANY
THE SUCCESSFUL BIDDER. THE STANSAAB DESIGN WAS NEARLY
IDENTICAL TO AIR CONTROL SYSTEMS WHICH IT HAD INSTALLED
IN NETHERLANDS AND BELGIUM FROM ABOUT 1972.

3. RECOGNIZING THAT US COMPONENTS WOULD BE REQUIRED OR
WOULD AT LEAST BE DESIRABLE, STANSAAB LAID ITS CARDS
ON THE TABLE IN A MEETING LAST MARCH IN WASHINGTON
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WITH REPRESENTATIVES OF ALL OF THE US AGENCIES CONCERNED,

INDICATING AT THAT TIME THAT OCTOBER WOULD BE A FINAL DEADLINE TO OBTAIN THE LICENSES IN ORDER TO CARRY FORWARD ON THE TERMS OF THE SOVIET CONTRACT. IT WAS WEDELL'S IMPRESSION THAT AN OCTOBER DEADLINE WAS ACCEPTABLE TO THE USG. IN ADDITION, LATE IN THE SPRING, A SENIOR OFFICIAL OF THE GOS WROTE TO SOME ADDRESSEE IN THE USG SEEKING PROMPT SUPPORT FOR THE STANSAAB LICENSE REQUESTS. (NOTE: WEDELL COULD NOT REMEMBER THE NAMES OF THE PERSONS INVOLVED IN THIS EXCHANGE AND DID NOT HAVE A COPY OF THE LETTER AT HAND. MOREOVER, HE REPLIED, WHEN ASKED, THAT WHEN HE HAD MENTIONED THIS EXCHANGE WITH US EMBASSY OFFICIALS IN THE EARLY SUMMER THEY WERE UNAWARE OF IT. THIS ACTION BY THE GOS REMAINS UNSUBSTANTIATED BY EMBASSY RECORDS.)

4. WEDELL STATED THAT IT IS HIS BELIEF THAT THE PRIMARY FEATURE OF THE STANSAAB DESIGN WHICH HAS CAUSED DELAYS IN THE ISSUANCE OF EXPORT LICENSES IS THE REDUNDANCY OR "SWITCH-OVER" FEATURE. SOVIET AIR TRAFFIC CONTROLLERS ARE NOT, AND WILL NOT BE FOR YEARS, AS SKILLED AS THOSE IN THE US AND WESTERN EUROPE, SO SHOULD THE PRIMARY CONTROLS FAIL IT SHOULD BE POSSIBLE TO SWITCH TO A BACK-UP CONTROL. THIS FEATURE IS NOT COMMON IN AIR TRAFFIC CONTROL SYSTEMS. THE TARGET DATE OF 1980 FOR COMPLETION OF THE INSTALLATION AND TRAINING IS PEGGED TO THE NEXT OLYMPIC GAMES, WHICH ARE TO BE HELD IN MOSCOW. THEY WILL GREATLY INCREASE THE AIR TRAFFIC DEMANDS, AT LEAST IN MOSCOW. CURRENT AIR TRAFFIC CONTROLS IN THE USSR ARE RELATIVELY PRIMITIVE, WEDELL SAID, AND WOULD BE UNSAFE WITH INCREASED BURDENS ON THEM.

5. WITH REGARD TO THE US COMPONENTS FOR WHICH LICENSES ARE BEING SOUGHT, WEDELL SAID THAT VERY SIMILAR ITEMS WERE INCLUDED IN ADVANCED MEDICAL CARE EQUIPMENT WHICH SWEDEN PROVIDED THE USSR WITH US CONCURRENCE AND FOR WHICH THERE HAD BEEN NO DIFFICULTY IN OBTAINING LICENSES.

6. COMMENT: (A) IN SPITE OF CONVERSATIONAL LEADS WHICH
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WOULD HAVE ALLOWED WEDELL TO ACKNOWLEDGE HE WAS AWARE THAT STANSAAB'S CHANCES OF OBTAINING LICENSES WOULD BE IMPROVED SUBSTANTIALLY THROUGH A SIMPLIFICATION OF ITS PROPOSAL, HE PERSISTED IN STATING THAT HE THOUGHT THE COMMERCE DEPARTMENT'S OBJECTIONS LAY IN THE "REDUNDANCY" ASPECT OF THE STANSAAB DESIGN. SINCE HIS US AGENT, THE SWEDISH INDUSTRIAL DEVELOPMENT CORPORATION OF GREENWICH, CONNECTICUT, HAS BEEN GIVEN ADEQUATE SIGNALS

ALONG THESE LINES IT WAS UNCLEAR WHY HE TOOK THE LINE WHICH HE DID, EXCEPT THAT HE MAY HAVE DECIDED TO WAIT FOR THE DEPARTMENT OF COMMERCE REACTION TO THE JOHANSSON 1 LETTER (REFTEL A).

(B) STANSAAB HAS GROWN RAPIDLY IN RECENT YEARS FROM GROSS SALES OF 30 MILLION SKR IN 1971 TO AN ESTIMATED 265 MILLION SKR IN 1976. THE SOVIET CONTRACT OF ABOUT 365 MILLION SKR HOWEVER WILL DOMINATE STANSAAB'S ACTIVITIES DURING THE NEXT FOUR YEARS. WEDELL, IN RESPONSE TO A QUESTION, SAID THAT THE COMPONENTS FOR WHICH US LICENSES ARE UNDER CONSIDERATION CAN BE OBTAINED ELSEWHERE. THE IMPORTANCE OF THE CONTRACT TO STANSAAB MAKES IT CLEAR, IN THE EMBASSY'S VIEW, THAT STANSAAB WILL INDEED FIND THE COMPONENTS IT NEEDS, WITHOUT EXPENDING TIME AND FUNDS IN A REDESIGNING EFFORT TO PRODUCE A LESS SOPHISTICATED SYSTEM. HOWEVER, COMMERCE EXPERTS ARE MUCH BETTER JUDGES OF THIS POSSIBILITY.

(C) REVERTING TO THE MATTER OF THE SENSITIVITY OF THE US SUPPLIED COMPONENTRY, IT IS THE EMBASSY'S UNDERSTANDING THAT THE DEPARTMENT OF DEFENSE RAISED NO OBJECTIONS TO ITS EXPORT TO SWEDEN WITH THE USSR AS THE ULTIMATE USER.

(D) AS STATE AND COMMERCE ARE AWARE, US RELATIONS WITH SWEDEN HAVE IMPROVED IMPRESSIVELY, OVER LAST TWO YEARS. WE NOW HAVE A REQUEST FROM THE GOS IN THE JOHANSSON LETTER FOR HELP IN LICENSING EQUIPMENT OF AN ESSENTIAL NATURE FOR A COMPANY IN WHICH THE GOS HAS ONE-HALF INTEREST. FROM THE POINT OF VIEW OF US-SWEDISH REALTIONS, THE EMBASSY BELIEVES WE SHOULD HAVE VERY SOUND REASONS FOR ANY DELAY IN THIS MATTER OR, PARTICULARLY, IF WE CONTEMPLATE A TURNDOWN.

(E) THE EMBASSY URGES THAT THE FOREGOING CONSIDERATION
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TIONS BE GIVEN DUE WEIGHT IN PREPARING A REPLY FROM SECRETARY RICHARDSON TO JOHANSSON. IF THE REPLY IS ONE WHICH DOES NOT ACCOMMODATE STANSAAB AND THE GOS AFTER THESE SEVERAL MONTHS OF DELAY IN ITS REASONS SHOULD BE PARTICULARLY LUCID AND PERSUASIVE.
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